

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7122

BILL NUMBER: HB 1309

NOTE PREPARED: Jan 11, 2006

BILL AMENDED:

SUBJECT: Former Legislator Health Benefits.

FIRST AUTHOR: Rep. Woodruff

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill removes the statutory authority of the Speaker of the House of Representatives and the President Pro Tempore of the Senate to elect to pay any part of the health insurance premium of a former legislator after December 31, 2006. The bill repeals a health insurance plan for former legislators enacted in 2001. It also voids any election to pay the premiums of former legislators made before January 1, 2007. The bill permits a former legislator or a spouse of a former legislator to continue in the group health insurance program if the former legislator or spouse pays the entire premium charged for the group health insurance program.

Effective Date: January 1, 2007.

Explanation of State Expenditures: The state currently pays a share of the health insurance premium for former state legislators (or surviving spouses) who have served in all or part of at least four terms of the General Assembly and who choose to participate in the state employee group health insurance program. The amount paid by the state is the same percentage employer share of the premium paid for active state employees as existed at the time of the legislator's retirement. This bill eliminates the authority of the House and Senate to pay for any part of the health insurance premiums of former legislators and spouses beginning January 1, 2007. The estimated reduction in state expenditures from the state General Fund is approximately \$149,000 in FY 2007 and \$306,000 in FY 2008, based on current enrollment in the insurance plans.

The bill also eliminates the statutory requirement that the Department of Personnel offer Medicare complementary insurance policies to retired state employees who become eligible for Medicare coverage. The statutory requirement is that at least two policies be offered: one providing medical coverage only, and the other

providing medical coverage along with coverage for prescription drug benefits. As of November 2005, 14 individuals were enrolled in the Medicare complementary plans; 11 with medical coverage only and 3 with medical coverage plus prescription drug coverage. Although the statutory requirement to provide these policies is eliminated, elimination of the program will depend on administrative actions.

Current statute permits former legislators to qualify for the group health insurance program after serving in all or part of at least four terms of the General Assembly. Instead, after repeal of this provision, former legislators would qualify under the existing statutory provision requiring at least ten years of service credit as a member of the General Assembly. This change would eliminate the eligibility for the group health insurance program of those former legislators with less than 10 years of service.

Background Information: The annual premiums for health benefit coverage currently range from \$3,826 to \$5,174 for single coverage and \$10,711 to 14,511 for family coverage. Currently (2006 rates), the employer share of premiums for active employees for the five health plans ranges from 77.39% to 100% for single coverage and from 75.95% to 100% for family coverage.

The cost estimates provided above are based on a health care inflation factor of 10% per year.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: General Assembly; Department of Personnel.

Local Agencies Affected:

Information Sources:

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